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DEPARTMENT OF STATE

Washington, D.C. 20520

STATINTL

8 SEP 1976

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MEMORANDUM TO THE FILE

FROM: A/ALS - Walter F. Weiss

SUBJECT: Revision of Tax Code - Employee Relocation Council

Peter J. DiDomenico, Jr. of the Employee Relocation Council met with Erle Curtis of A/ALS September 6. DiDomenico gave him the attached tax code revision which he is discussing with the Office of Tax Policy of Treasury. He claimed Treasury is receptive but they asked ERC to include some time limit. ERC is considering five years as a reasonable time period.

The ERC proposal is something that State - AID - USIA management have sought for years as well as AFSA.

State Dept. declassification & release instructions on file

EXPLANATION OF PROPOSED AMENDMENT
OF SECTION 1034(a)

The proposal would amend §1034 of the Code dealing with the non-recognition of gain on the sale or exchange of a residence to provide that the 18-month period for reinvesting the sales proceeds in a new residence will be tolled during the time an individual is employed on a permanent basis outside of the U. S. Many employers actively discourage transferred employees from buying homes abroad because of the problems dealing with home-ownership and disposal thereof. Consequently, it is very difficult for transferred employees who are sent abroad to comply with the 18-month period set forth in present §1034.



333 North Michigan Avenue, Chicago, Illinois 60601

PETER J. DI DOMENICO, JR.
DIRECTOR OF MEMBERSHIP SERVICES

Telephone 312/346-4151

PROPOSED AMENDMENT OF SECTION 1034(a)
DEALING WITH NON-RECOGNITION OF GAIN
ON SALE OR EXCHANGE OF RESIDENCE

Section 1034(a) is amended by inserting at the end thereof the following:

"The running of the eighteen-month period after the date of the sale of the old residence shall be suspended for any period during which the taxpayer's principal place of work is located outside the United States."

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

SSA-DDA
7 D 16 Hqs

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

Director of Personnel
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C/CPD

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C/Review Staff

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Possible Tax Code
Revision --

Doing in
Pending legislation